Weekly Economic Review

Retail sales surge, inflation retreats

Retail Sales

Sales driven higher

Retail spending in Alberta keeps on climbing at a solid rate with sales totaling $6.57 billion in March, up 1.1% from February. This was the third straight month with above 1% sales growth. Sales were 11.1% higher than March 2013, the largest year-over-year (y/y) growth since June 2007. The top contributors were gasoline stations (+26.3% y/y) and motor vehicle and parts dealers (+12.2% y/y), which account for over three-quarters of the increase in sales (Chart 1). This is the fourth consecutive month of over 20% sales growth at gasoline stations.

Sales in Canada were relatively unchanged from the previous month at $41.1 billion, 3.9% higher than the same month last year. Gasoline stations (+8.5% y/y) and health and personal care stores (+7.5% y/y) posted the highest growth.

Consumer Price Index

Inflation simmers

Alberta consumer prices rose 2.7% y/y last month, down from the 3.9% y/y spike in March. Natural gas prices were mostly responsible for the March jump in inflation having risen 81.5% y/y before settling to a still-substantial 10.8% increase last month. This deceleration was partly offset by gasoline prices which increased 9.9% y/y. Even with energy excluded, inflation remained relatively high at 2.5% (Chart 2).

For the first time in two years, inflation has returned to the Bank of Canada's 2% target. Natural gas prices were a crucial factor, rising 26% y/y, largely due to the approval of a 70% rate increase by the Ontario Energy Board that took effect in April.

Wholesale Trade

Consistent strength

Wholesalers had a strong month in March, with sales growing 7.4% y/y to $6.8 billion. Much of this growth has stemmed from food and beverage wholesalers,

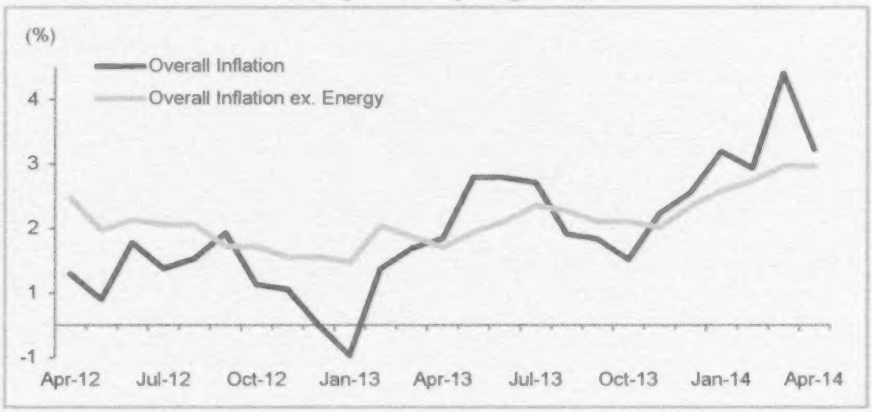
Chart 1: Gasoline fuels retail sales gains in early 2014

Alberta Retail Sales (year-over-year growth)

Source: Statistics Canada

Chart 2: Inflation stoked by energy prices

Alberta Consumer Price Index (year-over-year growth)



Source: Statistics Canada

where steady growth over the last two years has persisted through the first quarter. All major areas have sustained positive year-over-year growth through the first three months of 2014. In the first quarter of 2014, wholesale trade rose 5.4% compared with a year ago.

Job Vacancies

Help Wanted in Alberta

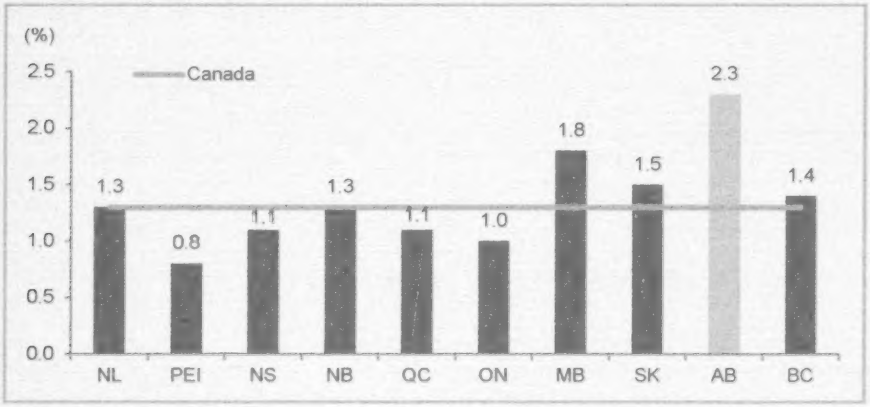
The total number of job vacancies in Alberta was 45,000 (not seasonally adjusted) for the three months ending in February, a 5.7% drop from the same time last year. The job vacancy rate was 2.3% in February, meaning that 2.3% of the available jobs in Alberta were vacant. This was 0.2 percentage points lower than February 2013. The highest job vacancy rate was in food and accommodation services at 7.5%, a new high, and a 2.4 percentage point increase from the same time last year.

Alberta remains the province with the highest job vacancy rate by a substantial margin (Chart 3), and also had 23.3% of Canadian job vacancies, despite making up only about 11% of Canada's population.

Nationally, there were 193,500 job vacancies, 9.7% fewer than the same period last year. This puts the national job vacancy rate at 1.3%, lower than last year by 0.2 percentage points.

Chart 3: Lots of job openings in Alberta

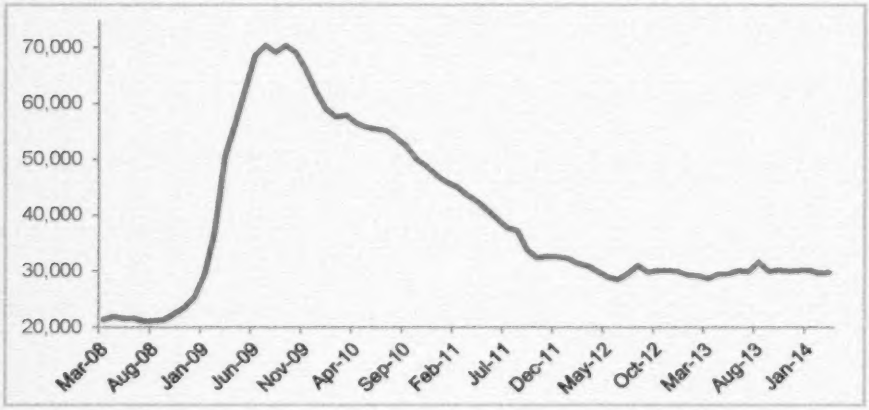
Job Vacancy Rate by Province



Source: Statistics Canada

Chart 4: Number of EI beneficiaries has been stable for three years

Alberta Employment Insurance (EI) Beneficiaries (Regular Benefits)



Source: Statistics Canada

New Housing Construction

Growth accelerates

New housing investment in Alberta grew to $825 million in March, up 7.3% year-over-year. Apartment investment led the gains, up 21.3% y/y in March while single-family investment grew by a more moderate rate of 3.8% y/y. In the first quarter, investment growth accelerated to 8.3% y/y.

Nationally, new housing construction continues to trend lower, falling 3.9% below March 2013 levels. Alberta was one of only two provinces with positive investment growth in March.

Employment Insurance

Stability in the labour market

The number of Albertans receiving regular Employment Insurance (EI) benefits was little changed in March at 29,740. The number of beneficiaries has been fairly stable since October 2011, following a long-run downward trend that started after the trough of the last recession in the summer of 2009 (Chart 4).

Nationally, people receiving EI benefits was virtually flat in March at 509,760.

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Please see the *Alberta Economy- Indicators at a Glance* for a snapshot of Alberta indicators.